

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 PM-07

NSC-07 SPC-03 SS-20 RSC-01 CIAE-00 INR-10 NSAE-00

DODE-00 EB-11 COME-00 TRSE-00 ABF-01 IGA-02 ACDA-19

AID-20 CU-04 SY-10 OMB-01 L-03 DRC-01 /141 W

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O 122030Z MAR 74

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC IMMEDIATE 2103

CONFIDENTIAL SECTION 1 OF 2 ASUNCION 0959

E.O. 11652: GDS

TAGS: PFOR, PA, US

SUBJECT: CASP, PARAGUAY

REF: STATE 047447

SUMMARY

1. IN VARIOUS POLICY SUBMISSIONS SUCH AS THE AMBASSADOR'S LETTER OF JANUARY 22, 1973 TO THEN-UNDER SECRETARY TARR AND THE 1974-75 CASP, THE EMBASSY REPEATEDLY HAS STRESSED ITS CONCLUSION THAT MAP-M IS A UNIQUE RESOURCE IN THE PARAGUAYAN CONTEXT FOR FACILITATING OPEN CHANNELS OF COMMUNICATION TO BE EMPLOYED IN SUPPORT OF US OBJECTIVES, BOTH WITHIN AND BEYOND PARAGUAY. IT WAS PRIMARILY BECAUSE OF THAT CONCLUSION THE THE CASP DEALS WITH MAP-M AS IT DOES; ALTERNATIVE RESOURCES WOULD BE MORE COSTLY, LESS EFFECTIVE, OR MUCH LESS RESPONSIVE TO UNIQUE LOCAL CIRCUMSTANCES. END SUMMARY.

2. ADDITIONAL FACTORS CONDITIONING EMBASSY'S VIEWS AS TO MAP-M INCLUDE JOINT STATE-DOD TELEGRAM 31505 OF FEB 19, 1974, WHICH IN OUR OPINION ASSUMED A CONTINUATION OF SECURITY ASSISTANCE INCLUDING MAP-M

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AND EDA, FY 76-80, AND DOD GUIDANCE ON PREPARATION OF

THE POM, FY 76-80. WHILE EMBASSY RECOGNIZES THAT LATTER GUIDANCE DOES NOT CONSTITUTE DEFINITIVE STATE POLICY, ITNEVERTHELESS SEEMS TO INDICATE THAT THE DEMISE OF MAP-M IS NOT YET CERTAIN. AS FOR FY 75-76, WE WERE PLEASED TO NOTE THAT OUR RECOMMENDATION WAS ACCEPTED AND THAT PARAGUAY IS AMONG THE 31 COUNTRIES SLATED TO RECEIVE GRANT MAP (REF STATE 31505).

3. TO RETURN TO THE SUBSTANCE OF THE CASE PRESENTED IN THE CASP OVERVIEW AND THE ISSUE-RESOLUTION SECTION: THE BULK OF MAP-M IS IN SUPPORT OF GOP CIVIC ACTION AND DEVELOPMENTAL ACTIVITIES. DONATED MATERIEL HAS POLITICAL SYMBOLIC IMPORTANCE TO PRESIDENT STROESSNER, AS WELL AS VERY TANGIBLE ECONOMIC IMPORTANCE IN THE LIGHT OF THE GOP FISCAL SITUATION, AND WE KNOW FROM REPEATED INSTANCES THAT STROESSNER PERSONALLY ATTACHES THE GREATEST IMPORTANCE TO THE MAP PROGRAM. OF COURSE, WE REALIZE IT IS POSSIBLE THAT CONGRESS MIGHT REDUCE OR ELIMINATE THE PROGRAM WORLDWIDE. IN THAT CASE, HOWEVER, IT IS OUR VIEW THAT THERE IS NO TOOL EQUALLY EFFECTIVE FOR ADVANCING US INTERESTS HERE.

4. TURNING TO ALLOCATION LEVELS, THE PARAGUAYAN SECURITY ASSISTANCE PROGRAM DURING THE PAST SEVERAL YEARS HAS BEEN LARGELY DEPENDENT ON EXCESS DEFENSE ARTICLES (EDA). FOR EXAMPLE IN FY 73 FUNDED MAP-M WAS \$240,000 WHILE EDA TOTALLED \$1,686,000 FOR A GRAND TOTAL IN SECURITY MATERIEL AID OF \$1.9 MILLION.

5. IN FY 74, WITH CHANGE IN LEGISLATION RE EDA, SITUATION WAS AS FOLLOWS:

(A) MAP ALLOCATION WAS \$300,000 PROGRAM, \$500,000 TRAINING, TOTAL \$800,000. AS PER PARA 3, STATE 23517, PROGRAM-TRAINING INTERCHANGEABLE, AND COUNTRY TEAM PROGRAMMED \$50,000 FOR TRAINING. LOW FIGURE WAS DUE TO FACT THAT GOP HAD NOT PARTICIPATED IN MAP TRAINING SINCE FY 72 DUE TO TEN PERCENT REQUIREMENT AND FY 74 ALLOCATION CAME VERY LATE IN CURRENT TRAINING YEAR.

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(B) TO PAY THE NEW 20 PERCENT COST OF EDA (\$600,000) ALREADY ON MAP ORDERS, \$120,000 REQUIRED FROM FY 74 ALLOCATION.

(C) ADDITIONAL ESTIMATED \$80,000 REQUIRED FOR SAME PURPOSE, FOR REMAINDER OF FY 74.

(D) BALANCE OF \$550,000 FOR DIRECT FUNDED PROVISION OF MAP-M IN FY 74.

(E) ASSUMING \$1 MILLION OBTAINED IN EDA (REQUIRING \$200,000 IN FUNDING) THE TOTAL SECURITY ASSISTANCE MATERIEL PROGRAM FOR FY 74 THUS IS \$1.55 MILLION.

6. (A) FOR FY 75 COUNTRY TEAM HAS PROJECTED \$750,000 FOR MAP-M. OF THAT TOTAL, \$200,000 IS TO COVER ANTI-CIPATED 20 PERCENT CHARGE AGAINST \$1 MILLION OF EDA. THUS, ASSUMING OPTIMUM SUCCESS IN OBTAINING EDA ITEMS MEETING GOP'S NEEDS, TOTAL SECURITY ASSISTANCE MATERIEL PROGRAM WOULD BE \$550,000 IN DIRECT MAP-M AND \$1 MILLION EDA FOR MAXIMUM TOTAL OF \$1.55 MILLION.

(B) IN FACT, COUNTRY TEAM CURRENTLY ESTIMATES THAT EDA WILL BE INCREASINGLY UNAVAILABLE. OUR CURRENT "GUESTIMATE" IS THAT MAXIMUM TOTAL SECURITY ASSISTANCE MATERIEL PACKAGE FOR FY 75 WILL NOT EXCEED \$1.2 MILLION. THAT TOTAL TAKES INTO CONSIDERATION THE DIRECT MAP-M ITEMS AND THE EDA CATEGORY.

7. AS FOR FY76, OUR GUESS WOULD BE THAT EVEN LESS EDA WILL BE AVAILABLE, WITH TOTAL SECURITY ASSISTANCE MATERIEL APPROACHING \$900,000 LEVEL.

8. IN SUMMARY THEN, VIEWING SECURITY ASSISTANCE MATERIEL INPUTS AS A TOTAL PACKAGE REGARDLESS OF SOURCE, THE SITUATION IS AS FOLLOWS:

MATERIEL DELIVERED
(MILLION\$)

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FY 73	FY 74	FY 75	FY 76
1.9	1.55 (EST)	1.2 EST.)	.9 (EST)
1.55 (MAX) 1.4 (MAX)			

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FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC IMMEDIATE 2104

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RESOURCE ALLOCATION
(MILLIONS \$)

FY 73	FY 74	FY 75	FY 76
N.A.	.75	.75	.68

FY 75 RESOURCE ALLOCATION EQUAL TO THAT FOR FY 74 DUE TO "PERIOD OF ADJUSTMENT" BROUGHT ABOUT BY CHANGES IN EDA GROUNDRULES. DEPARTMENT WILL NOTE, HOWEVER, THE DOWNWARD TREND IN RESOURCE ALLOCATION EFFECTIVE FY 76, AND THE DOWNTREND SINCE FY 73 IN MATERIEL DELIVERED (OR ESTIMATED).

9. FOLLOWING ARE COMMENTS ON THE OTHER POINTS RAISED IN PARA 3 REFTEL:

(A) THE EMBASSY CONTINUES TO HOLD FIRMLY TO THE CONCLUSION THAT GRANT MAP-M CONSTITUTES A POLITICALLY INVALUABLE RESOURCE IN THE CONTEXT OF PARAGUAY'S TYPE OF REGIME AND CURRENT AS WELL AS ANTICIPATED CIRCUMSTANCES. OUR NEED TO REACH THE GOP'S TOP LEADERSHIP, INCLUDING TOP MILITARY LEADERS, MAKES MAP-M A UNIQUE TOOL WHICH UNFORTUNATELY CANNOT BE SUBSTITUTED BY EXPANDED CU PROGRAMS OR HIGH LEVEL VISITS. AS CONFIDENTIAL

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STATED IN THE CASP, INCREASED ECONOMIC AID IS NOT FEASIBLE BECAUSE OF LIMITED ABSORPTIVE CAPACITY.

(B) FURTHERMORE, FMS CREDIT IS COMPLETELY UNREALISTIC (AS EXPLAINED IN THE CASP) AND UNDESIRABLE, IN LIGHT OF GENERAL PARAGUAYAN ECONOMIC LIMITATIONS AND

SPECIFIC GOP FISCAL RESTRICTIONS. WE THOUGHT WE HAD MADE IT QUITE CLEAR IN A KEY ASSUMPTION IN THE CASP ISSUE RESOLUTION: THAT THE GOP WILL MAKE NO REPEAT NO SIGNIFICANT EXPENDITURES FOR MILITARY MATERIEL BUT WILL CONTINUE TO RELY ON DONATIONS (ESSENTIALLY FROM THE US, BRAZIL, AND ARGENTINA).

(C) REGARDING THE DEPT'S COMMENTS ON US INTEREST, "FAVORABLE DISPOSITION OF PARAGUAYANS", WE WISH TO POINT OUT THAT NOWHERE IN CASP DID WE ASSIGN A HIGH LEVEL OF CONCERN (LOC) TO SUCH INTEREST. WE DO ATTACH THE HIGHEST IMPORTANCE TO MAP-M IN SUPPORT OF THE US INTEREST, "OPEN CHANNELS OF COMMUNICATION" AND THEREFORE ASSIGNED A HIGH LOC TO POTENTIAL CHALLENGE POSED BY POSSIBLE ELIMINATION OF SUCH MAP. WE AGREE HOWEVER, THAT THERE IS AN ABSENCE OF ENVIRONMENTAL CHALLENGES WITHIN PARAGUAY ITSELF AND THEREFORE CAN ACCEPT A MEDIUM LOC REGARDING THIS US INTEREST WITH THE UNDERSTANDING THAT WE ATTACH THE HIGHEST PRIORITY TO THE MAINTENANCE OF "OPEN CHANNELS OF COMMUNICATION" THROUGH USE OF MAP-M.

10. FOLLOWING ARE RESPONSES TO KEYED SUBPARAS, PARA 4 REFTEL:

A. THE \$80,000 IS A GLOBAL FIGURE COVERING THE EMBASSY'S ENTIRE PLANNED CU PROGRAM FOR FY 75 AND FY76. IT IS LISTED IN ENTIRETY ON PAGE 14 OF THE CASP AFTER THE COURSE OF ACTION (COA) ON VIP VISITS IN CONNECTION WITH EXPORT PROMOTION SINCE THIS IS THE FIRST COA IN THE CASP WHICH REQUIRES A CU RESOURCE. THIS WAS DONE IN ACCORDANCE WITH THE EMBASSY'S EXTRAPOLATION OF CASP PROCEDURAL GUIDANCE FOR FORM 5 ON PAGE 19, PENULTIMATE PARAGRAPH. REFRENCE TO THIS ORIGINAL LISTING OF THE CU TOTAL RESOURCE ALSO APPEAR CONFIDENTIAL

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AFTER COAS ON PAGE 22 AND PAGE 23 OF THE CASP. IF DEPARTMENT WISHES TO BREAKDOWN THIS FIGURE IT SHOULD ASSIGN FOR BOTH FISCAL YEARS \$10,000 TO THE EXPORT PROMOTION COA, \$5,000 TO THE CONTROL OF MOVEMENT OF PEOPLE AND GOODS TO AND FROM THE U.S. (PAGE 22) AND \$65,000 TO FAVORABLE DISPOSITION OF PARAGUAYANS TOWARD U.S. (PAGE 23). AS TABLE I OF THE CASP INDICATES, THE PROPOSED INCREASE OF THE ENTIRE CU BUDGET IS FROM AN ESTIMATED \$62,000 IN FY 74 TO A PLANNED \$80,000 IN FY 75 AND FY76.

B. THE INCREASE IN THE MARINE SECURITY GUARD COMPLEMENT FOR FY 75 REFLECTED INFORMAL INFORMATION

FROM ARA MANAGEMENT SOURCES AND WAS NOT A POST INITIATIVE.
IF OUR UNDERSTANDING IS NOT CORRECT, DEPT SHOULD
MODIFY TABLE 2 ACCORDINGLY.

C. THE DEPT MAY WISH TO INSERT THE FOLLOWING,
BETWEEN THE SECOND AND THIRD SENTENCES OF THE FIRST
PARAGRAPH OF THE OVERVIEW (FOLLOWING "NO SERIOUS
CHALLENGES TO US INTERESTS" AND PRECEDING "THE STRATEGY
OUTLINED IN THE LAST CASP".: IF PRESIDENT
STOESSNER WERE TO DIE OF NATURAL CAUSES DURING THE CASP PERIOD
(WHICH IS UNLIKELY ACCORDING TO HIS MEDICAL ADVISORS)
I STILL WOULD NOT ANTICIPATE ANY LONG-RANGE ADVERSE
IMPACT ON US INTERESTS HERE. SIMPLE BECAUSE OF
EXISTING INSTITUTIONAL RIGIDITIES, STOESSNER'S
DISAPPEARANCE FROM THE SCENE INEVITABLY WOULD RAISE
NEW UNCERTAINTIES AND CONSIDERABLE CONFUSION. SINCE,
HOWEVER, WE MUST ASSUME ANY SUCCESSOR WILL HOLD
APPROXIMATELY THE SAME VALUES AND PARAGUAY'S NATIONAL
INTERESTS WILL NOT HAVE CHANGED, THERE IS NO REASON
TO ASSUME A CHANGE IN OUTLOOK FOR US INTERESTS.

11. RE USE OF WORD "PROTECTOR" PAGE 1, PARA 3 WE
SUGGEST FOLLOWING FIX: "... IN THE EYES OF THE
GOP AS A VERY IMPORTANT COUNTERWEIGHT, AN HONEST
BROKER, AND AS AN ANCHOR TO THE WINDWARD."
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